

NEWS RELEASE

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For Immediate Release
January 6, 2005

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Former Illinois Lottery Winner Charged with Lying in Bankruptcy Court

Springfield, Illinois -- Jan Paul Miller, United States Attorney for the Central District of Illinois, announced that a federal grand jury has returned an indictment charging Karen Diane Cohen, age 52, of Edmonds, Washington, with making a false statement while under oath in a bankruptcy proceeding.

According to the indictment, on June 28, 1982, Cohen won \$1,000,000 playing the Illinois State Lottery. The winnings were to be paid in 20 annual installments of \$50,000 beginning in 1982. When Cohen won the Lottery, she was married to Steven Shanle. When the couple divorced in 1984, the divorce settlement included a court order which required that Cohen pay Shanle \$9,000 from each annual Lottery payment because the Lottery proceeds were considered joint or community property of the couple. From 1984 until 1996, Cohen paid Shanle his share of the Lottery proceeds.

The indictment alleges that in 1997, Cohen received a check for Shanle's share of the proceeds, but rather than send it to Shanle, Cohen deposited the money in her bank account and used it for her own use. Later in 1997, Cohen paid Shanle \$9,000 for his share of the Lottery proceeds. In 1998, the indictment alleges Cohen again received a check for Shanle's share of the Lottery proceeds. Cohen allegedly deposited the check in her bank account and spent the money for her own use. In 1998, Cohen allegedly did not pay Shanle his portion of the Lottery winnings.

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According to the indictment, Cohen filed for personal bankruptcy on July 13, 2000, and sought to discharge her obligation to pay Shanle his remaining portion of the Lottery winnings for 2000 and 2001, when the last Lottery payment was due.

The indictment alleges that on December 7, 2000, during a hearing before U.S. Bankruptcy Judge Larry Lessen, in the Central District of Illinois, when Cohen was asked if she had received checks for Shanle's share of the Lottery proceeds in 1997 and 1998, she lied and said she had not received the checks. Based on Cohen's allegedly false statements, the bankruptcy judge discharged Cohen's debt to Shanle.

Members of the public are reminded that an indictment is merely an accusation; the defendant is presumed innocent unless proven guilty.

If convicted of the offense of making a false statement under penalty of perjury, the maximum penalty is five years imprisonment and a \$250,000 fine. The court will issue a summons for Cohen to appear in federal court in Springfield for an initial appearance.

The charge is the result of a referral by Bankruptcy Judge Larry Lessen and an investigation by the Federal Bureau of Investigation in coordination with the Central Illinois Bankruptcy Fraud Working Group. Members of the Bankruptcy Fraud Working Group include representatives of the U.S. Attorney's Office for the Central District of Illinois, U.S. Trustee's Office for Region 10, Federal Bureau of Investigation, Secret Service, U.S. Postal Inspection Service, the Criminal Investigation Division of the Internal Revenue Service, the Department of Health and Human Services and the Department of Housing and Urban Development. Assistant U.S. Attorney Gregory K. Harris is prosecuting the case.

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